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DE RUEHKO #0894/01 0930109
ZNR UUUUU ZZH
P 020109Z APR 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 3074
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
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RUEHKSO/AMCONSUL SAPPORO 7606
RUEHBJ/AMEMBASSY BEIJING 2563
RUEHUL/AMEMBASSY SEOUL 8592
RUCNDT/USMISSION USUN NEW YORK 9135

UNCLAS SECTION 01 OF 11 TOKYO 000894

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DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 1

NIKKEI (Page 2) (Full)
April 2, 2008

09:03

Attended a cabinet meeting.

10:23

Met Deputy Chief Cabinet Secretary Ono at the Kantei, followed by Assistant Deputy Chief Cabinet Secretary Ando. Afterward met Chief Cabinet Secretary Machimura.

11:11

Met Consumer Administration Promotion Council Chairman Takeshi Sasaki, followed by Special Cabinet Advisor Kurokawa, joined in by Machimura.

13:04

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Met LDP Secretary General Ibuki, joined in by Machimura.

14:24

Met Foreign Ministry European Affairs Bureau Director-General Harada and Economic Affairs Bureau Director-General Otabe.

15:46

Met advisor Ito.

16:26

Met Special Advisors to the Cabinet Nishimura and Kusaka and Assistant Deputy Chief Cabinet Secretaries Saka and Ando, followed by former Finance Minister Omi.

17:05

Met Oman Minister of National Heritage and Culture Haythim. Afterward attended a meeting of the Council on Economic and Fiscal Policy.

18:53

Met Japan Business Federation Chairman Mitarai.

19:04

Met Bank of Japan Deputy Governor Shirakawa.

19:27

Returned to his official residence.

20:19

With his wife, Kiyoko, visited the home of their acquaintance in Nagatacho on foot.

20:40

Returned to his official residence.

4) U.S. sailor admits to cabdriver murder; Kanagawa police asks U.S. Navy to allow questioning

YOMIURI (Top play) (Abridged)
April 2, 2008

Masaaki Takahashi, a 61-year-old taxi driver of Tokyo's Shinagawa-ku, was recently found slain in his taxi on a street in the city of Yokosuka, Kanagawa Prefecture. In connection with this incident, a Yokosuka-based 22-year-old Nigerian-American U.S. Navy seaman apprentice (itto suihei), whose credit card was discovered in Takahashi's taxi, has admitted to killing Takahashi by telling the U.S. Navy's Naval Criminal Investigative Service (NCIS) that he had "stabbed" Takahashi, sources said yesterday. A task force of the Yokosuka Police Station yesterday asked the U.S. Navy to allow questioning of the U.S. sailor under the Japan-U.S. Status of Forces

Agreement. The task force will question the sailor today and will seek an arrest warrant for the sailor on a charge of murder as soon as it receives a statement admitting to the charge.

According to investigative sources, the U.S. sailor called the Yokosuka base on Mar. 22, three days after the incident, and he is now under custody of the NCIS. The sailor has been questioned on a charge of desertion. The sailor earlier denied his involvement by stating that he was at a bar (inshokuten) near the city's Dobuita Dori street near the crime scene when the murder took place and that he had lost his credit card. However, the sailor's statement changed

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again and again. He yesterday owned up to killing Takahashi.

The U.S. sailor called an acquaintance on the evening of Mar. 19 when Takahashi was killed, and he implied his involvement by telling that acquaintance that he "did it." A man bearing a close resemblance to the sailor was caught by a security camera near JR Shinagawa Station in Tokyo's Minato-ku at around 7:30 p.m. that day.

5) Police to seek arrest warrant for U.S. sailor over murder of taxi driver

MAINICHI (Top play) (Abridged)
April 2, 2008

A 22-year-old U.S. serviceman detained by the U.S. Navy on a charge of desertion has admitted to killing a taxi driver in the city of Yokosuka, Kanagawa Prefecture, sources revealed yesterday. The 61-year-old taxi driver, Masaaki Takahashi, was recently found stabbed to death in the driver's seat of his taxi on a road in Yokosuka. Kanagawa prefectural police will question the U.S. sailor today, suspecting that he was involved in the incident. This is the first time for the local police to question the sailor. Kanagawa police will seek an arrest warrant for the sailor on murder and other charges as soon as the suspicion is firmed up. Based on an intergovernmental agreement between Japan and the United States, the police will ask the U.S. Navy to turn over the sailor prior to indictment. The U.S. Navy is expected to agree.

According to investigative sources, the U.S. sailor is a seaman (joto suihei) on the USS Cowpens, an Aegis-equipped cruiser based at Yokosuka.

The U.S. sailor had earlier insisted on his alibi by stating that he was at a nearby bar along the city's Dobuita Dori street when the incident took place.

The sailor has been detained at the U.S. Navy's Yokosuka base, where Kanagawa prefectural police investigators will visit today to question him.

6) DPJ to oppose sympathy budget

ASAHI (Page 4) (Full)
April 2, 2008

The leading opposition Democratic Party of Japan (Minshuto) decided yesterday to oppose Diet approval for a new special agreement proposed by the government to extend Japan's burden sharing of costs for the stationing of U.S. forces in Japan (omoiyari yosan or literally "sympathy budget"). The DPJ will confirm the decision in a meeting of its shadow cabinet today. The proposed special agreement will shortly clear the House of Representatives and is expected to be sent to the House of Councillors. The DPJ intends to reject the agreement in the House of Councillors until early May when the budget will be substantially affected. The agreement will be approved with the House of Representatives' decision taking precedence over the House of Councillors'.

The DPJ has approved the last two agreements from its stance of attaching importance to the Japan-U.S. alliance. This is the first

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time for the DPJ to oppose the agreement. The DPJ has found from documents obtained from the Defense Ministry that Japanese employees had been hired for recreational purposes and that there were something unclear about contracts on offered facilities. There was strong criticism from within the DPJ, claiming that spending cuts are insufficient.

7) Government to turn down China's invitation for Imperial Family members to attend Beijing Olympics opening ceremony due to unstable factors

SANKEI (Top play) (Excerpts)
April 2, 2008

The government decided yesterday not to accept China's invitation for Imperial Family members, including the Emperor and Empress, to attend the opening ceremony of the Beijing Olympics. The government has concluded that the invitation was premature, given a number of unstable factors, such as poisoned dumplings case, deadlocked talks on the joint development of gas fields in the East China Sea, and riots in Tibet. There is a move among European countries to refuse to attend the opening ceremony. The question of who the Japanese government is going to send to the opening ceremony is a "clean state," according to a senior Foreign Ministry official.

With the Imperial Household Agency and Foreign Ministry remaining negative about Royal Family attendance, a government source said: "Since before the dumpling case in February, we had not planned on the attendance of Imperial Family members. Given that the riots in Tibet are now drawing much international attention, we are more convinced than ever that we should not have them go."

The Prime Minister's Office (Kantei) has not taken a clear-cut attitude. Meanwhile, Liberal Democratic Party lawmaker Haruko Arimura asked about the matter in a House of Councillors Cabinet Committee meeting on March 27. In response, Deputy Chief Cabinet Secretary Mitsuhide Iwaki took a cautious attitude, saying: "We will

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study the matter carefully, based on a variety of circumstances."

In January 2007, China informally invited the Crown Prince and Crown Princess via then Chinese Ambassador to Japan Wang Yi (currently vice foreign minister) and others to attend the opening ceremony. Premier Wen Jiabao, who had an audience with the Emperor during his visit to Japan in April 2007, also invited attendance by Imperial Family members, saying: "We would like the Emperor and other Imperial Family members to come (to the Olympics) by all means." In response, the Emperor stated: "My visits to foreign countries must be considered by the government."

8) BOJ "Tankan" survey: Business confidence drops to lowest level in four years and three months; Economy on brink of recession; Possible early interest rate cut; Concern about U.S. economy, yen's appreciation, falling stock prices, surges in crude oil prices

MAINICHI (Page 9) (Excerpts)
April 2, 2008

The Bank of Japan (BOJ) on April 1 released a "Tankan" or short-term business survey report for March. The report underscores that business confidence at leading companies and manufacturers, which have been a driving force for the economic expansion, has deteriorated with the diffusion index for their sectors dropping to

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the lowest level in four years and three months. Factors underlying the deterioration in their business confidence center on the rapidly worsened business environment since early this year, including a growing concern about the U.S. economy, which is showing indications

of facing a financial crisis, entering into recession, the sharp appreciation of the yen, falling stock prices and surges in crude oil prices. Chances are that companies may increasingly constrain or put off investments in plant and equipment from now on. A growing view is that the Japanese economy has been driven to the brink of a recession.

Among 15 business sectors covered by those leading companies and manufacturers, only the paper and pulp industry's business confidence has improved from the previous survey carried out in December last year. The DI for the steel, non-ferrous metal, electric machine, shipbuilding and heavy machinery and precision machinery industries, which have thus far produced positive business performance, has marked a double-digit decline.

The size of the capital investment plan of leading companies and manufacturers for fiscal 2008 dropped 3.3 PERCENT, the largest decline since fiscal 2002, compared with the previous year. The result indicates that they are becoming cautious about making capital investment.

The government and the BOJ acknowledged that the Japanese economy has entered a temporary pause. However, they also noted that the mechanism of economic recovery in which an increase in corporate profits led by robust exports boosting personal consumption through wage increases is still in place. They envisage that the Japanese economy would remain on an expansionary trend, based on the premise that even if the U.S. economy enters a temporary recession, it would pull out of it in late 2008. However, the Tankan survey for March has revealed that there is a huge gap between this optimistic scenario of the government and the BOJ, and companies' harsh perception of the economy.

Some market players have already pointed out that the BOJ's economic expansion scenario has been derailed, as an analyst at BNP Paribas put it. There has also appeared an observation that the BOJ would be forced to lower the interest rate at an early date. How will the BOJ keep the Japanese economy from entering into recession when its policy interest rate is only 0.5 PERCENT? The management of monetary policy by the BOJ has reached a crucial juncture.

9) Government to call on emerging countries to create ODA norms, aiming to push for information disclosure, consideration for human rights

NIKKEI (Page 5) (Full)
April 2, 2008

The government will call on emerging countries to create norms for official development assistance (ODA), with the aim of urging them to disclose information on their aid programs and to provide assistance based on consideration for such issues as human rights and environmental protection. The government also aims to put pressure on China and other countries that have become more influential with developing countries.

Foreign Minister Masahiko Koumura and his South Korean counterpart Yu Myung-hwan, when Yu visits Japan starting on April 3, are

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expected to meet and agree to jointly host a conference of emerging aid-providing countries in Bangkok later this month. They aim to bring together bureau-director-level officers from more than 30 countries, including industrialized countries and emerging nations in Asia and in Central and Eastern Europe.

Such emerging nations as China have been stepping up assistance to Africa. One of their aims is to secure natural resources, such as crude oil and rare metals. In some cases, they assist countries that have problems in terms of human rights, and in other cases, their development-aid projects lead to destroying the environment, evoking criticism from countries in Europe and other regions.

In the conference in Bangkok, Japan will demonstrate how to tabulate data needed to announce ODA disbursements, as well as how to monitor

the situation after aid is offered. Japan will then announce a plan to help the emerging countries introduce such means. It will also urge them to select aid recipients while giving consideration to the aspect of human rights and the environment. Further, Japan will call on emerging countries to temporarily suspend additional aid to developing countries to which industrialized countries forgave their debts, in order to enhance their fiscal discipline.

Japan will also suggest that Japan and the emerging countries introduce a system to jointly offer assistance. The government expects that Japan, which is suffering from tight fiscal restrictions, will take charge mainly of the transfer of technology, while emerging countries will be responsible for financial aid.

10) DPJ now turning critical eye on pension issue; To submit censure motion against health and welfare minister with eye on the possibility of early dissolution of Lower House

NIKKEI (Page 2) (Excerpts)
April 2, 2008

The major opposition Democratic Party of Japan (DPJ) is gearing up to drive the government and the ruling bloc into a tight corner in pursuing the pension data fiasco, following the just realized gasoline price cut. Its President Ichiro Ozawa told a news conference yesterday that his party would consider submitting a censure motion against Minister of Health, Labor and Welfare (MHLW) Yoichi Masuzoe. As the reason for the submission, Ozawa cited the government's failure to identify all of the unidentified 50 million pension premium payment records by the end of March. By grilling the government relentlessly, the DPJ, which sees April as a month of decisive battle, intends to further attack the government with an eye on forcing dissolution of the Lower House election for a snap election.

April 1 was an "epoch-making day," DPJ Deputy President Naoto Kan said, for the DPJ was seeing a gasoline price cut being realized, something that the party had called for since last year. But what Ozawa read out at the beginning of the press briefing was the party's statement concerning the pension records mess. The statement calls on the government to apologize for its failure to implement its campaign pledge and drastically review the measures now taken. It concludes that a change of government should be realized swiftly, and that the job of resolving the pension problem should be entrusted to the DPJ.

Of the unidentified 50 million pension premium payment records, the

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government has stated that 20,250,000 records or some 40 PERCENT should be soon identified. But the DPJ argues that more than 90 PERCENT or 46,780,000 records have been left unsettled. This gap is attributable to an emergence of the possibility that even the records that the government has said would not lead to benefits may contain cases that have caused pension losses.

The DPJ also intends to attack the government for the new medical care system for the elderly aged 75 or above. Under this system, premiums will be withheld from the elderly's pensions, starting on April 15, the first payment day of pension since the start of the new fiscal year. The DPJ calls that day the "4/15 shock." At a meeting yesterday of the Diet Affairs Committee chiefs from the four opposition parties, they confirmed the policy of grilling the government through a joint submission of a bill calling for scrapping the system.

11) DPJ Ozawa calls for Masuzoe's resignation

MAINICHI (Page 2) (Slightly abridged)
April 2, 2008

Democratic Party of Japan (DPJ) leader Ichiro Ozawa yesterday criticized the government's response to the pension record-keeping issue as violating its campaign pledge and demanded that Health, Labor and Welfare Minister Yoichi Masuzoe step down from his cabinet

post. In a press conference, Ozawa emphasized his readiness to submit a censor motion against Masuzoe to the House of Councillors depending on what response he will make, remarking: "This will be an option if he does not voluntarily take responsibility." Ozawa said: "Prime Minister Yasuo Fukuda's responsibility is extremely heavy (similar to Masuzoe's)," but "the competent minister must clarify his responsibility first."

On the day when gasoline prices were actually lowered, the main opposition party expanded its battle line to include the issue of identified pension accounts. Citing the pension issue and the expiration of the provisional gasoline tax rate, Ozawa said: "To seek the judgment of the people, there may be an early dissolution of the House of Representatives." To counter Fukuda, who has underscored the government's efforts to the public since late last week by holding a news conference and other means, Ozawa is intensifying his offensive against Fukuda, appearing on several news programs.

In reference to Fukuda's earlier remark that the DPJ's leading figure had said that his party would agree on the nomination of (former Administrative Vice Finance Minister Toshiro) Muto, Ozawa said in the press conference: "I did not talk (about it) to anybody." (On the possibility of holding party head talks,) he did not indicate any positive posture.

Following the expiration of the provisional higher gasoline tax rate, DPJ members are rolling up their sleeves to step up their attack against the government. Deputy President Naoto Kan declared a victory, saying: "Today is a historically epoch-making day for the Diet." Diet Affairs Committee Chairman Kenji Yamaoka articulated in an executive meeting: "Our next main challenge is the pension issue."

A senior member of the Diet Affairs Committee, though, stated: "I have told party members not to get overly excited." This remark

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reflects his concern that the public might become critical of the DPJ's posture. Behind the party's shift of attention to the pension issue seems to be its apprehension that a prolongation of the gasoline issue may negatively work (for the DPJ).

12) DPJ President Ozawa denies giving Prime Minister Fukuda the nod on nomination of new BOJ governor

YOMIURI (Page 4) (Full)
April 2, 2008

Ichiro Ozawa, president of the Democratic Party of Japan (DPJ or Minshuto), the largest opposition party, told the press yesterday that he had not given any informal consent to Prime Minister Yasuo Fukuda on the nomination of then Bank of Japan Deputy Gov. Toshiro Muto to be the new BOJ governor. Ozawa stated: "There is no truth to reports that I talked with someone and certainly with the prime minister about whether Muto would be appropriate for the helm of the central bank."

13) Tug-of-war underway between ruling and opposition parties over second vote on gasoline tax

TOKYO SHIMBUN (Page 2) (Excerpts)
April 2, 2008

Yesterday, in the wake of the expiration of the provisional gasoline tax, the ruling parties were busy offering explanations to the public with an eye on a second vote on a bill amending the Special Taxation Measures Law. Meanwhile, opposition parties emphasized the significance of gasoline price cuts with the aim of blocking the bill from being readopted.

In a press conference, Liberal Democratic Party Secretary General Bunmei Ibuki played up the need to reinstate the provisional tax rate, saying: "A lack of money (from the scrapped provisional tax rate) will take a toll on education and public welfare. Although the

gasoline price has dropped by 25 yen (per liter), (problems) far more serious than that will fall upon the people."

The LDP has begun compiling a set of guidelines for its members to explain that (1) the party will minimize negative impacts on local finances by securing tax revenues, (2) the provisional tax rate is environmentally friendly in that it helps hold down gasoline consumption, and (3) the government will reduce wasteful spending but build necessary highways.

As a measure for gasoline-related organizations, such as the Petroleum Association of Japan, the party is also preparing a document saying that it will make utmost efforts to prevent confusion for gas stations and other parties concerned. LDP executives and others visited concerned organization one after another to set the stage for a second vote (in the Lower House).

Meanwhile, Democratic Party of Japan President Ichiro Ozawa stressed in a press conference, "There is no confusion among the people. They understand and support this." Ozawa also criticized the prime minister's comment that the lowered gasoline price would end up forcing future generations to pick up the tab, saying, "I cannot understand it at all."

14) Battle between ruling, opposition parties over whether to

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reinstate or abolish gas tax rate

YOMIURI (Page 4) (Excerpts)
April 2, 2008

Yesterday the ruling parties aiming at an early reinstating of the expired provisional gasoline tax rate by a revote on tax-related bills in the House of Representatives, and the main opposition Democratic Party of Japan (DPJ or Minshuto), which has called for a permanent abolition of the gasoline tax, played up their legitimacies in an effort to secure public support.

The ruling Liberal Democratic Party (LDP) yesterday sent to various organizations connected to road construction a letter, in which the LDP expressed its determination to do its best to reinstate the gasoline tax rate, citing that the revenues from the road-related taxes are the main features of supporting regional economies in aspect of creating demand and securing jobs.

In its letter of March 31 sent to all prefectural governors and assembly chairmen, the LDP emphasized: "It is crystal clear that local finances will fall into critical situations, including even the daily lives of the people (if the expiration is protracted)."

The party executives decided yesterday in a liaison meeting to call on all their party lawmakers to let their supporters in their electoral districts know this weekend the necessity of reinstating the gas tax.

15) Nonpartisan study group of 70 lawmakers

NIKKEI (Page 2) (Full)
April 2, 2008

A study group of suprapartisan Diet members yesterday exchanged views with philosopher Takeshi Umehara on nationalism. Koichi Kato and Taku Yamasaki of the ruling Liberal Democratic Party (LDP) and Yoshiro Sengoku of the main opposition Democratic Party of Japan (DPJ or Minshuto) took part in yesterday's study session. The group is mainly comprised of legislators who had visited South Korea in February. The membership of the study group has increased to about 70, including DPJ Secretary General Yukio Hatoyama and Kamei Shizuka, deputy head of the People's New Party. Umehara reportedly will name the group.

After the session, Kato pointed out: "We share the perception that narrow-minded nationalism will lead a nation astray." One participant said: "It will be easier to make contacts with each

other if we have various exchanges." This comment implied a possible rallying together of liberal forces.

16) Parliamentary league on environment launched

NIKKEI (Page 2) (Full)
April 2, 2008

The Parliamentary League to Achieve Goals of Kyoto Protocol, the membership of which includes former Prime Minister Junichiro Koizumi, former Liberal Democratic Party (LDP) Secretary General Hidenao Nakagawa, and former Defense Minister Yuriko Koike, held its first meeting yesterday. Although Koizumi, who is the honorary advisor, did not attend the meeting, about 20 Diet members from the

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ruling parties took part in it. Kuniko Inoguchi and Junichiro Yasui, members of the so-called "Koizumi's children," joined it.

The league selected Nakagawa as chairman and Koike as secretary general. The group will look into technical assistance for developing countries and introduction of an environment tax. One opposition member commented: "Their aim is to pull Koizumi into the front stage for political realignment." Another member said: "It is a move to field Koike as a candidate to succeed Prime Minister Fukuda."

SCHIEFFER